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Dear readers,

This April once again brought a number of important events to which we must bring attention even here.

The first of these is the fact that, in mid-April, even the Czech Republic started the official phases of negotiating a document that is of key importance for every member state for the purposes of implementing its structural and cohesion policies – the National Strategic Reference Framework. It is however appropriate to note that, not only is it important that the entire document be approved, but it is also key that the approved document is of adequate quality to ensure the document will continue to be a strong, explicit, and unambiguous guide for the overall implementation of cohesion policy in our country over the entire seven-year timeframe, and not a hindrance or unwanted burden on this process. The finalised agreement on the NSRF will also allow the subsequent culmination of the negotiation processes pertaining to all the individual Operational Programmes, which adequately expand the basic strategic concepts that are contained within the NSRF.

The second event with far-reaching impact is the acceptance of the new National Plan for Euro Introduction on the basis of which the EU's common currency will be implemented in the Czech Republic. (This plan is covered in detail as the main topic of this issue of the EU News Monthly Journal.) The national plan does not explicitly mention the specific date on which the euro will become the legal tender in the Czech Republic, but it nevertheless offers interested readers and plan users answers to key issues related to the introduction of the euro. For example, it clarifies that the changeover will be implemented using the "Big Bang" approach, whereby the introduction of the euro will be completed as quickly as possible.

Finally, during the course of April, the European Parliament gave a green light to a directive, which defines legal framework for a Single Euro Payments Area. The member states now have more than two and a half years to incorporate this directive in their national legislation. After that time, all differences between domestic and cross-border payment relationships will be effectively erased (or should be), as far as fee amounts, the length of time it takes payment operations to be completed, etc. are concerned.

At this time of year, it is impossible not to mention the third anniversary of our accession to the EU. This reminder more and more confirms the idea, which was more or less intuitive three years ago, that the EU presents an opportunity of an entirely new dimension and that it is beneficial to take advantage of it and meet its conditions. From this perspective, just taking a look at foreign trade statistics is sufficient and it requires no further commentary.

The sunny weather we're experiencing at the start of this May should inspire us to think of many more steps that will enable us to use and meet this aforementioned opportunity to an even greater degree.

Petr Zahradník

The general assembly of the European Parliament approved a directive on payment services on the internal market, which establishes the requisite legal framework for a Single Euro Payments Area (SEPA). The European Commission has prepared a proposal for a regulation that expands the areas to which a block exemption applies in relation to the notification obligation.

BUDGET

New, Simplified Financial Regulations for the EU

The European Union has a new set of financial rules that will enable better use of EU funds over the course of the 2007-2013 fiscal period.

The new regulations will **simplify access to financial resources and limit the related administrative procedures** to a bare minimum. From the perspective of grants and public contracts, these practical improvements will prove to be of great significance for small and medium-sized enterprises, schools, universities, researchers, development agencies, and municipalities:

- **grants for amounts of up to EUR 25,000** will require less documentation;
- **co-financing** can also be provided through work performed by employees;
- based on an **evaluation of financial risks**, it will be possible to waive guarantees that are required prior to the first payment of grants for amounts of up to EUR 60,000;
- **purchases** to be made from grant resources, **up to a total of EUR 60,000**, will require adherence to only minimal regulations; the only requirements will be sound financial management and a guarantee that there is no conflict of interests;
- the **threshold value for submitting public contracts** according to simpler procedures will be raised (from EUR 50,000 to EUR 60,000);
- a higher threshold value will allow organizations competing to **win EU contracts with a lower value** to make a simple honourable declaration that will replace the complicated process of proving that they were never accused of unfair business practices in the past;
- the **procedures for awarding public contracts** in the area of external assistance **will be simplified** and the threshold significantly increased (up to EUR 5,000,000 for labour).

The package that was approved also includes measures to **increase the transparency of support provided from EU funds**. The names of recipients of grants from structural funds, external assistance programmes (as of 2008), and agricultural aid (as of 2009) will be published in all member states.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/424

INTERNAL MARKET

European Parliament Approves Directive on Payment Services

European Parliament approved a directive on payment services in the internal market during the first reading. This directive defines the required legal framework for the harmonisation of payments in the EU and the creation of a **Single Euro Payments Area** (SEPA). As a result, all cross-border payments should be concluded under identical conditions (fee amounts, transfer timeframes, customer as well as payment provider rights and obligations, etc.) as within the domestic member state system.

The directive's main points are:

- **set timeframes for completing transfers** after the payment order is submitted – until the end of 2011, three business days are sufficient (D+3); after this date, they must be completed within one business day (D+1);
- **fees for payment transactions** will be shared between the payee and the payer; each will be billed by their respective bank or payment provider. It will be possible to set fees of zero or to designate that all fees will be paid by the payee (as is the case now with merchants who accept card payments);
- **liability for unauthorised payments** resulting from the loss or theft of payment verification instruments (i.e., PIN in the case of a payment card) – the customer will be liable up to a maximum amount of EUR 150 prior to providing notification to the bank; afterwards, the bank or other payment service provider will be liable for the full amount;
- **harmonisation of access to the payment services market** for non-bank providers – the concept of a "European Passport", which will allow anyone authorized to do business in one member state to also operate abroad;
- **implementation of clear and simple information requirements** for the submitter of an order;
- **standardised rights and obligations** for payment service providers and their customers; and
- **rules for providing credit in relation to payment services** provided by non-bank institutions (i.e., instalment payment companies) – the maximum repayment timeframe is currently twelve months. After three years, the Commission will prepare a study to

determine whether it would be more efficient to decrease the maximum repayment timeframe).

In order for the directive to become valid, it must still be approved by the EU Council. As a compromise has been negotiated ahead of time (the Council already voiced its positive opinion on the directive at the March summit), this is just a formality. Member states must **incorporate the directive in their national legislation by 1 November 2009**.

http://www.europarl.europa.eu/news/expert/infopress_page/042-5721-113-04-17-907-20070420IPR05537-23-04-2007-2007-false/default_en.htm

ENTERPRISE

Commission to Allow Research and Development Aid for Large Enterprises

Changes are expected to be incorporated into the rules that govern the **block exemptions from the notification obligation** to the European Commission with regard to receiving state aid. This ensues from the proposed directive that aims to expand the areas for which Commission approval does not have to be requested. It also intends to simplify and consolidate existing rules.

State aid is, as a rule, forbidden in the European Union, unless it is allowed in specific cases by the European Commission. The reasoning behind this ban is to alleviate fears that the **competitive environment on the internal market could be disrupted**.

The following **five categories** are currently covered by the block exemptions and do not have a notification obligation to the European Commission when it comes to requesting state aid:

- general assistance for small and medium-sized enterprises;
- research and development in small and medium-sized enterprises;
- employment;
- employee training and education; and
- regional support.

The proposed new regulation **extends the exemption from the notification obligation** with regard to state aid to also include the following three areas:

- the environment;
- aid provided in the form of risk capital; and
- research and development in large enterprises (e.g., subsidies equal to as much as 50% of the expenses related to industrial research without a notification obligation; the European Commission would have to be notified and grant its consent for amounts above this threshold).

In addition, the new regulation should **consolidate the block exemptions for all eight sectors into one document**. The expansion to include the three new sectors is fully in accordance with the Lisbon Strategy, which focuses on increasing the competitiveness within the European business sector and creating new jobs.

The new legal provisions might come into effect as early as next summer.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/549

TRANSPORT AND ENERGY

EP Approves Regulation for Security Onboard Civil Aircraft

The European Parliament approved the proposed regulation during the second reading. The primary goal of this new regulation is to **protect civil aircrafts** against activities that threaten security and to resolve other issues pertaining to air safety.

The regulation is concerned with **updating the security provisions** implemented for civil flights after the terrorist attacks of 11 September 2001. It includes various measures, ranging from passenger checks and searches, through forbidden items in cabin luggage, and up to rules for new, armed security personnel onboard flights.

One of the main points addresses the armed security personnel, or "**Sky Marshals**" as they have been named.

The existence of alleged above-limit agricultural product stores in the Czech Republic prior to its accession to the Union resulted in our country being imposed a fine in the amount of 12.3 million euro. According to a proposed new regulation, the ceiling for small-scale (“de minimis”) state funding for agricultural producers will be doubled. The next industry that will be included in the European Union’s trading scheme for carbon dioxide emissions in the future is ship transport.

They will have to be thoroughly trained and will be able to carry weapons onboard only if they meet all the required conditions and are approved by the member state that granted the airline its license. Approval from the departure and destination countries will also be required, and, in some cases, from the countries above which the aircraft will be flying as well.

The MEPs are also requesting that the **ban on liquids onboard aircraft be lifted** six months after the new regulation becomes valid. This ban could be maintained or reinstated in the future only after security risks are re-evaluated and the expenses and consequences of the new measures are analysed.

A key question and potential area of conflict with the individual member states still remains as to **who will bear the costs related with the implementation of new security measures**. The European Parliament is proposing that they be paid by air transport customers and the member states. If, however, any member state decides to implement even stricter measures than those provided by the regulation, it will bear the full cost of expenses itself.

It is expected that the regulation, after it is approved by the EU Council, will become **valid at the end of 2007**, with the exception of certain sections that will attain validity two years later.

http://www.europarl.europa.eu/news/expert/infopress_page/062-5734-113-04-17-910-20070420IPR05680-23-04-2007-2007-true/default_en.htm

AGRICULTURE

Commission Fines the Czech Republic for Excess Agricultural Reserves

Nine new EU members, including the Czech Republic, were imposed a fine (officially called a charge) by the European Commission on the basis of the fact that **they created a surplus store of agricultural products prior to their accession**. The member states were supposed to ensure that, prior to their accession to the EU, private and public entities did not stockpile agricultural products. According to the Commission, such stockpiling could lead to an imbalance on the internal EU market.

Stores that exceed a standard level were however discovered for certain agricultural products. The incentive to create surplus stores resulted from **higher prices in the EU as compared to those in the relevant countries prior to their accession** to the EU.

The cumulative fine was set at 41 million euro, of which a charge of 12.3 million euro was imposed on the Czech Republic. Payments will be distributed over a period of four years. The amounts for the individual member states in question were calculated using the quantity of surplus stores multiplied by the difference between the applicable internal and external prices.

Allegedly, the Czech Republic created above-limit stores of **poultry meat**, **fruit (tinned mandarin oranges, pineapple, and mushrooms), and rice**. Government representatives do not agree however. According to Minister of Agriculture Petr Gandalovič, it has not been proven that the surplus stores of agricultural products in the Czech Republic disturbed the EU market. The minister also pointed out the fact that there is no precise definition of “above-limit stores” and started a diplomatic offensive with the goal of overturning the European Commission’s decision.

The possibility that **concentrated pressure from the affected states** will ultimately lead the Commission to mitigate its opinion even further cannot be excluded. Going back to 2005, the original penalties calculated against the Czech Republic amounted to 44 million euro. Last September, the charge was decreased to 19.2 million euro and then was subsequently modified to the current value of 12.3 million euro. The debate regarding the definition of surplus stores is only additional evidence of the lack of a functional market environment within European agriculture.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/466

Charges for excessive stocks of agriculture products

Product	Poland	CR	Estonia	Slovakia	Lithuania	Slovenia	Malta	Latvia	Cyprus
Meat	7 773	6 221		980					
Milk	752		7 523		2 971		288		
Fruits	2 229	4 944		3 049	180	375			
Rice	1 225	1 123	5	585	30	18			115
Wine	473		42					204	
Total	12 451	12 288	7 570	4 614	3 182	393	288	204	115

Source: European Commission

Commission Recommends Increasing “De Minimis” Support for Agriculture

A proposed new regulation would **increase the ceiling currently in place for small-scale** (“**de minimis**”) **aid** in the agriculture sector to EUR 6,000 per beneficiary over a period of three years and a maximum amount for each member state that is equal to 0.6% of its agricultural production. The proposal also defines the scope of “de minimis” aid more clearly and gives member states greater manoeuvring space when it comes to allocating aid.

The European Commission does not consider small-scale aid as state support that disturbs the competitive environment on the common internal market within the European Union. Thus **complex permitting procedures at the European level are not required** for the purpose of granting such aid.

In comparison to the current situation (refer to Regulation No. 1860/2004/EC), **it has been proposed that the ceiling be doubled**. At the current time “de minimis” aid establishes an amount of EUR 3,000 per enterprise (over a period of three years) and 0.3% of the value of a country’s agricultural production.

The proposal will be discussed with the member states and any other interested parties. It is anticipated that the European Commission will accept a final version of this regulation **at the end of this year** subsequent to these consultations.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/465

ENLARGEMENT

MEPs Warn of Possible Consequences of Future Enlargement

European Parliament approved an own-initiative report that points out the **possible consequences of future European Union enlargement** and proposes some solutions. Based on estimates, future expansion of the Union would increase its territory by 35% and the number of inhabitants by 27%. Gross domestic product would however only increase by a total of 4% and, on a per capita basis, it would actually decrease by 18%. This would also be reflected in cohesion policy, which supports regions in relation to their economic development, as measured by GDP indicators per inhabitant (recalculated according to purchasing power parities).

The report gauges the most likely consequences of accession to the European Union by Turkey, Croatia, Macedonia (FYROM) and other countries of the Western Balkans (Albania, Bosnia-Herzegovina, Montenegro, and Serbia [including Kosovo]). **Of the additional 150 billion euro** that would be required for increasing the cohesion policy budget, 63% would have to be allocated to Turkey and only 7% to Croatia.

In relation to this fact, the approved text of the report requests the Commission to quantify the expenditures for future regional policies with regard to future enlargement, and to estimate the impact it would have on financing those regions that currently have the right to receive this aid.

The main fear held by the MEPs is that future enlargement of the EU could lead to a situation whereby a larger number of regions would lose structural funding solely as a result of “statistical effects”. These would include a **large portion of the Czech regions**. Nevertheless, per capita GDP for the entire Czech Republic should stay just below the key 90% threshold as compared to the EU average and thus the Czech Republic would continue to qualify to receive resources from the Cohesion Fund.

http://www.europarl.europa.eu/news/expert/infopress_page/059-5724-113-04-17-910-20070420IPR05540-23-04-2007-2007-false/default_en.htm

ENVIRONMENT

Ship Transport to be Included in the Emissions Trading Scheme

Rapidly increasing greenhouse gas emissions within the ship transport industry should be constrained. This is one of the main points contained in an initiative on the basis of which the European Commission is preparing proposed legislation that will **include this industry in the CO2 emissions permit trading system**.

Currently, ship transporters release approximately **twice the amount of carbon dioxide** as air transport, and, if this situation is not rectified, it is estimated that this difference will grow to 75% over the next fifteen to twenty years.

While air transport will be included in the Emissions Trading Scheme in the future (an already proposed directive specifies 2011), ship transport has thus far managed to **escape these regulatory measures**.

Thus far, discussions on carbon dioxide emissions within the ship transport industry have taken place within the framework of the **International Maritime Organization** (IMO). However, these have focused more on the methods

European harmonisation might soon reach the realm of criminal law. The proposed legislation on standardising the penalties for intellectual property right infringements relies on it. The proposed standard for regulating the charges for mobile telephone calls is being passed by various European Parliament committees. The key Committee on Industry, Research, and Energy is putting through an even stricter version than that considered by the ministers from the member states at the EU Council summit.

to use for calculating emissions rather than on the implementation of specific reduction goals.

This should now change as the European Union has taken the initiative. The details of the directive that is being considered are not yet known, but it might be possible to compare it with that proposed for air transport. According to the proposed directive, the emissions trading system for air transport will apply to all international flights originating or arriving in the EU.

If the European Union takes is battle against global warming seriously, it is only logical that it will include all significant polluters, i.e., including ship transporters, in the mechanism it has implemented for decreasing greenhouse gases.

http://www.ec.europa.eu/environment/air/transport.htm#3

Agreement Reached on New Flood Directive

At the end of April, representatives from the European Parliament and European Council agreed on a compromise regarding the proposed **directive on assessing and managing flood risks**.

The directive was proposed last year in reaction to past destructive floods. Its goal is to help improve the handling of floods and their negative impact on human health, the environment, infrastructure, and property. Since 1998, seven hundred people have lost their lives, half a million have lost their homes, and insured financial losses equalling at least twenty-five billion euro have been estimated as a result of flooding in Europe. At the same time, scientists predict that the **frequency and intensity of floods will increase in the future** as a result of climatic changes.

The directive sets forth a three-stage strategy that member states will be required to implement as follows:

- perform a **preliminary assessment of flood risks** along river basins and coasts by 2011;
- **draw up maps** showing flood danger in high-risk areas by 2013; and
- **develop flood management plans** (consisting of preventive and protective measures with the goal of decreasing the likelihood and negative impact of future floods) by 2015.

In the case of rivers that flow through multiple countries, it is highly important that the **relevant countries cooperate and coordinate activities** in order to ensure that potential problems are not simply transferred from one area to another.

If it is approved, the proposed directive **will supplement the Water Framework Directive** (2000/60/EC), which provides the primary legislative support for water protection in the EU.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/565

JUSTICE AND HOME AFFAIRS

Will Sanctions for Pirating and Counterfeiting be Harmonised?

Harmonisation of laws and regulations across the member states of the European Union might soon be expanded to include criminal law, which **has thus far been the domain of individual national governments**.

The first standard that would start harmonizing the area of criminal law within the EU could well be the "**Directive on criminal measures aimed at ensuring the enforcement of intellectual property rights**". It covers quite a wide scope, ranging from pirate copies of films, through imitation trademark goods, and up through counterfeit medications. Patent rights are outside the scope of the directive.

The directive has passed the first reading in Parliament. All that remains in order for it to be approved is a **positive vote on the part of the Council**.

If the directive is passed, all member states will be required to consider any international violation of intellectual rights that is committed intentionally and in order to obtain a commercial advantage as a punishable crime.

The text proposes a **range of punitive measures – from fines up to imprisonment**. The maximum punishment possible in the case of a serious crime committed by a

criminal organisation is a fine of EUR 300,000 and/or four years of imprisonment. As far as less serious infringements are concerned, the minimum penalty is a fine of EUR 100,000.

The directive does not apply to pirating activities **committed by private users for personal use** (i.e., downloading music from the Internet). The directive will not prevent states from imposing higher penalties than those specified above.

Although we are not supporters of the harmonisation of criminal law, given the nature of the business area that the proposed directive covers, we consider it to be justified.

http://www.europarl.europa.eu/news/expert/infopress_page/057-5723-113-04-17-909-20070420IPR05539-23-04-2007-2007-false/default_en.htm

INFORMATION SOCIETY

European Parliament Committees Approving Roaming Regulation

The European Parliament's key **Committee on Industry, Research, and Energy** supported the European Commission's proposal to decrease fees for cross-border mobile telephone calls, or "roaming" as it is called. The maximum rate for calling home from abroad would be forty eurocents per minute. The maximum rate for accepting calls from abroad would be fifteen eurocents per minute. These prices do not include VAT. Both new as well as existing customers would all be automatically transferred to this new Euro-tariff.

The European Commission's proposal, which the parliamentary committee discussed, was a **direct reaction to high roaming charges**.

The **MEPs from this committee went further than their peers** from the Committee on the Internal Market and Consumer Protection and the ministers from the member states, who were all quite satisfied with a ceiling of fifty eurocents per minute for outgoing calls and twenty-five eurocents per minute for incoming calls. In addition, they opted for the idea that the new tariffs will only be available to those customers who explicitly request them.

The European Commission would be glad if the new legislative package entered into validity this July. In order for it to be approved, it has to pass a vote at the next European Parliament meeting (which will be discussing this issue in May) and the European Council (at its meeting in June). Taking the controversial theme of this topic into consideration, **we don't believe that it will be passed this summer**.

We still believe that regulatory pricing in this branch is not justified – it is in **conflict with the market mechanism** and, over the long-term, will hurt the development of European telecommunications.

Not even the cleverest official can determine the optimal price. This amount must be based on supply and demand. Thus the best cure in order to decrease prices is to open the market to additional telecommunications companies and intensify the competition.

http://www.europarl.europa.eu/news/expert/infopress_page/058-5108-101-04-15-909-20070410IPR05075-11-04-2007-2007-false/default_en.htm

REGIONAL POLICY

When Will the Commission Approve the Czech Plan for Using EU Funds?

The **Czech negotiating team** didn't officially present itself in Brussels until mid-April for the purpose of reaching an agreement with the European Commission on the future manner in which subsidies from the European structural funds and Cohesion Fund will be used.

The basis for the negotiations is the Czech Republic's **National Strategic Reference Framework** (NSRF), which is actually the plan for the use of funds during the 2007-2013 timeframe. It also specifies the individual **operational programmes** that will be used in order to distribute resources from the European funds to the final recipients. The amount in question for the entire period of 2007 through 2013 is 26.7 billion euro.

It is already apparent that the **negotiations will not be free of problems**. According to information from CTK, the Czech news agency, European officials are criticising the Czech Republic for the plan's poor structure and too many operational programmes (the highest number when compared to other countries of a similar size). They consider some of the programmes to be superfluous and have blocked a total of eight.

According to the Minister for Regional Development, Jiří Čunek, the basic document – i.e., the National Strategic Reference Framework – **will be approved in May**. Only then will the individual operational programmes (OPs) be considered. Only after the negotiations on the individual programmes have been concluded, can applications for subsidies start being approved and resources from the funds used. Until that time however, it is only possible to

The Czech negotiating team that is responsible for reaching an agreement with the European Commission on the National Strategic Reference Framework and individual operational programmes arrived in Brussels only in the middle of April.

announce individual section of the OPs and request implementers to submit their applications for fund subsidies.

This is already the case for programmes that are considered to be “problem-free” and which will more than likely be approved by the Commission as submitted. Within the **Operational Programme Industry and Innovation**, interested parties have been allowed to submit applications for subsidies in the following programme areas:

- **Development** – aid for investing in modern technology;
- **Marketing** – development of Czech exporter activities on foreign markets;
- **Innovation** – increasing the innovation potential of enterprises;
- **Potential** – strengthening the development capacity of companies and their cooperation with research and development institutes;
- **ICT** (Information and Communication Technologies) within companies – aid for the acquisition and expansion of information systems in business enterprises; and
- **EcoEnergy** – decreasing energy demands for production and increasing the use of renewable energy sources.

If the operational programme is approved in Brussels and the projects that have been submitted for co-financing from EU funds are selected by the evaluation committee, the expenses accrued after the application for a subsidy is registered can be included in the **eligible project expenditures on a backdated basis**.

We consider the **current delay to be incomprehensible and unforgivable**. The programme period started on 1 January 2007 and all of the responsible authorities were aware of this fact several years in advance. Allegedly, preparations were started back in 2005. Nevertheless, not one single operational programme or even basic NSRF documentation was approved. Our concern is that it will not be possible to use the funds prior to this autumn. The fault is clearly on the Czech side, which did not submit these documents to Brussels until the early part of March – more than two months after the start of the programme period!

Of course, would-be objective factors, such as the complicated post-election situation, won’t be of much interest to those applicants requesting fund subsidies.

National Strategic Reference Frameworks – state of negotiation

Country	Date of reception	Date of decision	Number of Ops	Allocation in euro mil
Bulgaria	16/01/07		7	6 853
Belgium	07/02/07		10	2 258
CR	05/03/07		17	26 692
Denmark	29/11/06	16/04/07	2	613
Germany	23/01/07		36	26 340
Estonia	05/02/07		3	3 456
Ireland	05/03/07		3	901
Greece	26/01/07	28/03/07	14	20 420
Spain	08/02/07		45	35 517
France	21/12/06		36	14 319
Italia	02/03/07		52	28 812
Cyprus	21/12/06		2	640
Latvia	03/11/06		3	4 620
Lithuania	12/12/06	26/04/07	4	6 885
Luxembourg	05/03/07		2	65
Hungary	24/11/06		15	25 307
Malta	21/11/06	20/12/06	2	855
Netherlands	18/12/06		5	1 907
Austria	31/10/06	04/04/07	11	1 461
Poland	07/12/06		21	67 284
Portugal	01/02/07		14	21 511
Romania	31/01/07		7	19 668
Slovenia	16/02/07		3	4 205
Slovakia	21/12/07		11	11 588
Finland	02/02/07		7	1 716
Sweden	05/02/07		9	1 891
UK	11/12/06		22	10 613

Source: European Commission, as of 26/4/2007, only operational programmes in objective “Convergence” and objective “Regional Competitiveness and Employment” are included

Of the various events that didn't quite make it into the "Events" commentary, one that is worth mentioning is the decision passed by Parliament's Committee on the Internal Market and Consumer Protection, which supports a complete ban on marketing dog and cat fur in the EU. At its April meeting, the European Central Bank did not change the level of key interest rates in the Eurozone. An updated overview of petroleum and petroleum product prices proved that motorists in Great Britain pay the highest prices.

2 APRIL

MEPs: Member States struggling to reap full benefit of CAP: http://www.europarl.europa.eu/news/expert/infopress_page/032-4697-087-03-13-904-20070326IPR04624-28-03-2007-2007-false/default_en.htm

EIF's Corporate Operational Plan 2007-2009: http://www.eif.europa.eu/news/news.asp?news=113

3 APRIL

ECB -First publication of Short-Term European Paper (STEP) yield statistics: http://www.ecb.eu/press/pr/date/2007/html/pr070402.en.html

4 APRIL

EU offers full market access to ACP regions in EPAs negotiations: http://ec.europa.eu/trade/issues/bilateral/regions/acp/pr040407_en.htm

Airlines and Member States get another six months to make air passenger rights' regulation work: http://ec.europa.eu/transport/air_portal/passenger_rights/information_en.htm

Cohesion policy 2007-2013 already on fast track to deliver growth and jobs: http://ec.europa.eu/employment_social/emplweb/news/news_en.cfm?id=223

5 APRIL

Parliament likely to approve legislation in May to liberalise food packaging sizes: http://www.europarl.europa.eu/news/public/story_page/052-4538-085-03-13-909-20070323STO04523-2007-26-03-2007/default_en.htm

Information Society: IST 2006 Audiovisual now online: http://www.infso-broadcast.eu/sessions.html

6 APRIL

New website for European Research Area is launched: http://ec.europa.eu/research/era/index_en.html

European Monitoring Centre on Racism and Xenophobia: Situation of Roma in Europe demands more rigorous action: http://www.eumc.europa.eu/eumc/index.php?fuseaction=content.dsp_cat_content&contentid=4458a87a48a0e&catid=9&lang=EN

10 APRIL

Information Society: New report on eHealth priorities and strategies in 32 European countries: http://ec.europa.eu/information_society/newsroom/cf/itemdetail.cfm?item_id=3346

11 APRIL

EU should adopt own resources to simplify budget says report: http://www.europarl.europa.eu/news/public/story_page/034-4535-087-03-13-905-20070323STO04518-2007-28-03-2007/default_en.htm

'First Terrorism Situation and Trend Report' of Europol released: http://www.europol.europa.eu/index.asp?page=news&news=pr070410.htm

12 APRIL

Equitable Life - UK government urged to set up compensation scheme for victims: http://www.europarl.europa.eu/news/expert/infopress_page/021-5107-101-04-15-902-20070410IPR05074-11-04-2007-2007-false/default_en.htm

13 APRIL

Parliament committee approves complete ban on cat and dog fur trade in the EU: http://www.europarl.europa.eu/news/expert/infopress_page/054-5110-100-04-15-909-20070410IPR05077-10-04-2007-2007-false/default_en.htm

16 APRIL

AIDS report advocates new steps needed against virus: http://www.europarl.europa.eu/news/public/story_page/066-4913-099-04-15-911-20070329STO04905-2007-09-04-2007/default_en.htm

European Central Bank: Monetary policy decisions: http://www.ecb.eu/press/pr/date/2007/html/pr070412.en.html

DG ECFIN: Upswing in Germany - how long will it last?: http://ec.europa.eu/economy_finance/publications/country_focus/2007/countryfocus5_en.htm

17 APRIL

New "Euro-tariff" could slash roaming charges by 70%: http://www.europarl.europa.eu/news/public/story_page/058-5247-106-04-16-909-20070412STO05231-2007-16-04-2007/default_en.htm

Agriculture and Fisheries Council meeting: http://www.consilium.europa.eu/cms3_applications/applications/newsroom/LoadDocument.asp?directory=en/agricult/&filename=93679.pdf

18 APRIL

Key Indicators for the Euro Area - April 2007: http://ec.europa.eu/economy_finance/indicators/key_euro_area/keyeuroarea_en.htm

Diary

19 APRIL

South-east Europe - a strategic partner in EU energy policy: http://www.europarl.europa.eu/news/expert/infopress_page/051-5339-106-04-16-909-20070416IPR05293-16-04-2007-2007-false/default_en.htm

Renewed Lisbon strategy: Spring 2006 - Spring 2008: http://eesc.europa.eu/activities/press/cp/docs/2007/communique-presse-eesc-027-2007-en.doc

New and renewable sources of energy - Photovoltaic Energy Barometer 2007: http://ec.europa.eu/energy/res/sectors/photovoltaic_dissemination_en.htm

20 APRIL

CAP benefiting new members but more needs to be done: http://www.europarl.europa.eu/news/public/story_page/032-5254-106-04-16-904-20070412STO05240-2007-16-04-2007/default_en.htm

Justice and Home Affairs Council meeting: http://www.consilium.europa.eu/cms3_applications/applications/newsroom/LoadDocument.asp?directory=en/jha/&filename=93741.pdf

23 APRIL

President Pöttering urges Bulgarians to vote in EP elections: http://www.europarl.europa.eu/news/public/story_page/008-5258-106-04-16-901-20070412STO05244-2007-16-04-2007/default_en.htm

24 APRIL

General Affairs and External Relations Council meeting: http://www.consilium.europa.eu/cms3_applications/applications/newsroom/LoadDocument.asp?directory=en/gena/&filename=93798.pdf

Joint Statement on EU enlargement and Russia-EU relations: http://www.consilium.europa.eu/cms3_applications/applications/newsroom/LoadDocument.asp?directory=en/er/&filename=93797.pdf

25 APRIL

Joint statement by the ECB and the Commission welcoming Parliament's adoption of the Payment Services Directive: http://www.ecb.eu/press/pr/date/2007/html/pr070424.cs.html

Monthly bond market note - developments in the euro-denominated bond markets December 2006 - February 2007: http://ec.europa.eu/economy_finance/publications/bondmarkets_en.htm

Integrating the human behaviour element into climate models: http://ec.europa.eu/research/infocentre/article_en.cfm?id=/research/headlines/news/article_07_04_24_en.html&item=Infocentre&artid=3915

26 APRIL

EU-US relations: economic ties, energy, climate change, terrorism, missile defence and visas: http://www.europarl.europa.eu/news/expert/infopress_page/030-5737-113-04-17-903-20070420IPR05683-23-04-2007-2007-false/default_en.htm

Employment and Social Affairs: European employers and trade unions commit to tackle violence and harassment at work: http://ec.europa.eu/employment_social/emplweb/news/news_en.cfm?id=226

27 APRIL

MEPs take stock of EU record on human rights protection in 2006: http://www.europarl.europa.eu/news/expert/infopress_page/015-5965-113-04-17-902-20070426IPR05964-23-04-2007-2007-true/default_en.htm

Road deaths - EESC urges European commission to get tough on "a matter of life and death": http://eesc.europa.eu/activities/press/cp/docs/2007/communique-presse-eesc-033-2007-en.doc

Measuring the impact of Cohesion policy to employment: http://ec.europa.eu/regional_policy/sources/docoffic/working/sf2000_en.htm

30 APRIL

Open day at the European Parliament - 1 and 5 May: http://www.europarl.europa.eu/news/public/story_page/008-5512-113-04-17-901-20070420STO05502-2007-23-04-2007/default_en.htm

Energy and Transport: Oil bulletin - weekly prices 2007 are updated: http://ec.europa.eu/energy/oil/bulletin/2007_en.htm

Average price of 1l Natural 95 in euro

Netherlands	1,48	Hungary	1,12
UK	1,37	Ireland	1,11
Germany	1,34	Austria	1,08
Portugal	1,32	Spain	1,05
Belgium	1,32	Slovenia	1,05
Denmark	1,31	CR	**1,04**
Finland	1,28	Greece	1,02
Italy	1,28	Malta	0,99
France	1,28	Cyprus	0,94
Sweden	1,25	Latvia	0,92
Luxembourg	1,13	Lithuania	0,92
Poland	1,13	Estonia	0,88
Slovakia	1,12		

Source: European Commission, as of 23/04/2007

A number of Council meetings covering a variety of topics will take place in May. In addition though, a number of the most various unofficial and semi-official meetings will also be held with the goal of preparing ground for the leaders from the member states for June's European Council. The main topics will be to determine how to continue with institutional reform in the Union, and to reach a decision on what the document that will replace the now more-or-less definitely dead European Constitution will look like.

Meeting of the key EU institutions

7.-8.5.2007	**Brussels, Belgium**
- Agriculture and Fisheries Council	
8.5.2007	**Brussels, Belgium**
- Economic and Financial Affairs Council	
14.-15.5.2007	**Brussels, Belgium**
- General Affairs and External Relations Council	
20.-22.5.2007	**Mainz, Germany**
- Informal Meeting of Agriculture Ministers	
21.-22.5.2007	**Brussels, Belgium**
- Competitiveness Council	
22.-23.5.2007	**Strasbourg, France**
- EP Plenary	
24.-25.5.2007	**Brussels, Belgium**
- Education, Youth and Culture Council	
30.-31.5.2007	**Brussels, Belgium**
- Employment, Social Policy, Health and Consumer Affairs Council	

Public consultation on EU legislation

Topic of the consultation	Organiser	Deadline
Assessment of non-horizontal mergers	DG COMP	12.5.2007
European Strategic Energy Technology Plan	DG TREN	13.5.2007
Services of social value for single European freephone numbers	DF ITC	20.5.2007
Selection and Authorisation of Mobile Satellite Services	DG INFSO	30.5.2007
VAT - Mechanism for eliminating double taxation	DG TAXUD	31.5.2007
Excise duties on cigarettes and other manufactured tobacco	DG TAXUD	1.6.2007

At the time the Czech Republic acceded to the European Union, our country also assumed the obligation to adopt the euro as the common European currency. In addition to meeting nominal convergence criteria, we must also concentrate on the technical, institutional, and legislative issues related to implementing the euro in the Czech Republic. All of these questions are answered in detail in the Czech Republic's National Plan for Euro Introduction. Introducing this plan is our main topic for this month.

NATIONAL PLAN FOR EURO INTRODUCTION IN THE CR

The Czech Republic is participating in the third phase of the Economic and Monetary Union (EMU), but, as a country, we have a temporary exemption, or derogation, for changing over to the euro. Our responsibility is to strive to implement the euro in the shortest timeframe possible, whereby this implementation is conditional on meeting the nominal requirements set forth by the "Maastricht Criteria" and putting through certain legislative amendments.

In addition to fulfilling these criteria required by the European Union, it is just as important to ensure the smooth replacement of the crown with the euro in the technical, institutional, and legislative areas. The plan for completing individual steps in these areas is defined in the National Plan for Euro Introduction in the Czech Republic, which was approved by the government and introduced to the public in mid-April.

The National Plan for Euro Introduction is divided into three sections:

Section I: "**Basic Information**";

Section II: "**Specification of Tasks in Individual Sectors**";

Section III: "**Glossary of Basic Terms**".

The complete document is available for downloading at the following address:

http://www.mfcr.cz/cps/rde/xchg/mfcr/hs.xsl/eu_plan_zavedeni_eura_31844.html

BASIC PRINCIPLES FOR INTRODUCING THE EURO IN THE CZECH REPUBLIC

The "Big Bang" Scenario

The euro will be introduced in the Czech Republic at one time, both for non-cash transactions as well as in the form of banknotes and coins – this is also called the "Big Bang" scenario. The alternative scenario, which includes a transitional period of several years between the introduction of the euro in non-cash and cash environments was rejected.

Dual Circulation

After the date on which the euro is implemented, there will be a short, two-week period of time during which both the Czech crown and the euro will be in parallel circulation. The legal tender to be used for payment as of the changeover date will be the euro. Customers will be able to pay with Czech banknotes and coins, but businesses will be required to return change only in euros.

Continuity of Legal Instruments

The implementation of the euro in the Czech Republic will not impact the validity of contracts and other legal instruments of a similar nature. All contracts that contain data stated in Czech crowns will continue to be valid without changes even after the changeover to the euro. Values stated in crowns will be considered as values in euros, converted according to the conversion rate.

Rules for Using the Conversion rate

When converting values stated in crowns to euros, only the specific conversion rate defined by the Council of the EU can be used. The conversion rate will be specified to six significant digits and will define the value of one euro in crowns (i.e., EUR 1 = CZK XX.XXXX).

Rules for Rounding Amounts

Monetary amounts that were originally stated in crowns but that are to be paid in euros will be rounded to the closest eurocent. For services that are billed together, only the final value will be converted, not the individual entries. In certain special cases, specific rounding rules will be defined, namely for taxes, fees, and on-the-spot penalties.

Avoiding Price Increases and Perceived Inflation

The development of prices will be monitored regularly. Adherence to the conversion rules and dual display of prices will be thoroughly controlled (5-6 months prior to the changeover to the euro and 1 year after). These procedures will be applied with the goal of preventing unjustified price increases and avoiding subjectively perceived inflation.

TIMETABLE FOR THE CHANGEOVER TO THE EURO IN THE CZECH REPUBLIC

National Plan for Euro Introduction does not answer the question of when the euro will actually be implemented in the Czech Republic. It only specifies the relative timeframes and precise scheduling for individual steps preceding the changeover to the euro and depends on the decision that will be made by the government and the Czech National Bank (CNB) on the actual date that the Czech Republic enters the European Union's fixed exchange rate mechanism, known as ERM II, and the Czech economy's ability to fulfil the Maastricht Criteria.

Nevertheless we can identify four time phases:

Phase 1 – preceding entry to ERM II – The first preparations for the changes related to the implementation of the euro are underway. The country is completing the entry procedures for the ERM II system in cooperation with the European Union authorities.

Phase 2 – after entry to ERM II and until the decision is made to admit the Czech Republic to the Eurozone – A communications campaign, preparation and acceptance of legislative changes, modifications to information systems, and other similar activities will take place. All additional steps are conditional on successful membership in ERM II and fulfilment of all the Maastricht criteria. The following steps will take place at the end of this phase:

- the European Commission and the European Central Bank (ECB) will publish a convergence report evaluating the level of sustainable convergence;
- the European Commission will provide the Council of the EU with a recommendation to terminate the Czech Republic's derogation for the changeover to the euro in the Czech Republic;
- the Council of the EU will rule on terminating the derogation for the changeover to the euro (by a qualified majority of votes); and
- the fixed CZK to EUR currency exchange rate will be defined by the Council approximately six months prior to the Czech Republic's entry to the Eurozone.

Phase 3 – between the Council's decision to terminate the derogation for the changeover to the euro until the Czech Republic's date of entry to the Eurozone – All of the country's technical preparations for its entry to the Eurozone must be completed. It is necessary to:

- ensure that the required number of euro banknotes are printed and coins minted for circulation;
- provide the CNB and commercial banks with euro currency (frontloading);
- provide the retail sector with euro currency within the framework of secondary frontloading (sub-frontloading);
- apply the rules for the mandatory dual display of prices;
- ensure that automated bank machines, vending machines, and other equipment that requires coins or banknotes are prepared for the conversion.

Phase 4 – after entry to the Eurozone – It will be necessary to:

- ensure adherence to the rules for the dual display of prices;
- apply the rules for dual circulation and ensure that the crown is removed from circulation and replaced with the euro;
- after the dual circulation period is over, continue exchanging the national currency with the euro at the central bank and at commercial banks;
- monitor the development of pricing levels and apply rules to prevent the misuse of implementation of the euro for the purpose of unjustifiably increasing prices.

INSTITUTIONAL ARRANGEMENTS IN PREPARATION FOR THE EURO

The National Coordination Group for the Introduction of the Euro in the CR, led by the National Coordinator, is responsible for the relevant institutional arrangements. The Ministry of Finance designated the overseer responsible for managing and coordinating all activities pertaining to the preparations for introducing the euro.

National Coordination Group

The central coordinating and guiding authority participating in the preparations for the implementation of the euro is the National Coordination Group for the Implementation of the Euro. It coordinates and manages the activities of individual working groups and supervises fulfilment of the National Plan for Euro Introduction.

The National Coordinator for the Implementation of the Euro is also the president of the National Coordination Group (NCG). The NCG was established with this structure:

- National Coordinator for the Implementation of the Euro;
- Vice-Governor of the Czech National Bank;
- Deputy Minister of Industry and Trade;
- Deputy Minister of Foreign Affairs;
- Deputy Minister of Justice;
- Deputy Ministry of the Interior;
- Deputy Minister of Informatics; and
- First Secretary to the Deputy Prime Minister for European Affairs.

Working Groups for the Euro introduction

The primary activities of the working groups initially consisted of preparing the applicable sections of the National Plan for Euro Introduction and providing information for the strategic decisions made by the NCG. Currently, working group (WG) activities involve implementing the National Plan for Euro Introduction in the relevant areas and preparing regular updates.

- **Legislation WG**– Coordinator: Ministry of Justice;
- **Financial Sector WG** – Coordinator: CNB;
- **Information Technology and Statistics WG** – Coordinator: Ministry of Informatics;
- **Public Finance and Public Administration WG** – Coordinator: Ministry of Finance;
- **Non-Financial Sector and Consumer Protection WG** – Coordinator: Ministry of Industry and Trade;
- **Communication WG** – Coordinator: Ministry of Finance in conjunction with the CNB.

MAIN PREPARATORY TASKS FOR THE EURO INTRODUCTION IN SECTORS

The individual sectors of Czech society and the requisite tasks they must complete in relation to preparing for the changeover to the euro and its acceptance are covered by the applicable working group (WG) based on its specific area of focus:

1. Banks and Other Financial Institutions

Within the process of changing over to the euro, the primary task of the domestic financial sector will ensure that the common European currency is implemented in both cash as well as non-cash environments.

Introducing the Euro in Cash Circulation

- The Czech National Bank will ensure that a sufficient amount of euro banknotes and coins is available.
- Euro cash will be distributed within the economy – frontloading to banks will commence three months prior to the changeover to the euro; for non-financial entities (stores, post offices, automated bank machine operators, etc.), it will start one month prior to the changeover to the euro.
- The Czech crown will be removed from circulation. Crowns will be exchanged for euros at the CNB, commercial banks, and other selected entities for a period of at least six months after the changeover.

Introducing the Euro in Non-Cash Payments

- Accounts, payment cards, and other products (cheques, credit products, letters of credit, guarantees, and exchange notes) will be converted.
- The CNB must enter the TARGET European payment and billing system that is administered by the ECB. The domestic CERTIS system must be modified.
- Entry into the Single European Payment Area (SEPA).
- Automated bank machines and payment terminals installed in stores must be converted.

Adaptation of the Banking Sector and Other Financial Sector Entities to the Euro

- Securities and other financial market instruments must be converted. (Nominal values stated in crowns will be converted using the required conversion rate and then appropriately rounded.)
- Market stock and bond indexes have to be adapted.
- Referential rates have to be replaced (Pribor will be replaced by Euribor; the CNB 2W repo rate will be replaced by the ECB Main Refinancing Operation Rate).
- The information systems used by financial sector entities have to be converted.
- Account statements, financial institution pricelists, general conditions, etc. have to be updated to include dual pricing.

CNB Preparations for the Changeover to the Euro

- Preparatory tasks have to be completed from the perspective of introducing the euro in non-cash and cash payment relationships.
- Monetary policy functions required for participation in the Eurosystem have to be put in place. At the moment of the changeover to the euro, the CNB will become a part of the Eurosystem, which consists of the European Central Bank and the central banks of those countries that have already introduced the euro.
- Some of the Czech National Bank's competencies will be transferred to the European Central Bank, specifically in the area monetary policy and legal jurisdiction pertaining to the issuance of currency.

2. Public Finances, Public Administration, and Local Government

In relation to the introduction of the euro, public administration authorities not only have to ensure the capability of their own activities, they also have to establish the rules for the private sector, local administration, and residents.

State Budget, Local Government Budgets, and State Funds

- All monetary values used for preparing and implementing the state budget, final state accounting, and expressing the financial relationships between the state budget and the budgets of individual regions and municipalities will be expressed in euros
- The budgets for local government or state funds will also be expressed in euros.

State Debt Administration and Financial Assets

- All state bonds and other state obligations as well as state's financial assets will be converted to euros,

Accounting, Reporting, Taxes, Customs Duties, Wages, and Salaries

- The annual statement for the accounting period in the year prior to the changeover to the euro (€-1) will be stated in CZK as well as EUR. All entities will be required to prepare and annual financial statement as of 31 December of the year €-1.
- Tax returns for the year €-1, which will be submitted in year €, will be expressed in crowns. The final tax obligation will be converted to euros and paid in euros.
- Customs duties will be converted from crowns to euros using the standard conversion rate. As far as local fees are concerned, it is more likely that new fees will be assessed in euros rather than converting existing ones.
- Payslips will express values in both crowns as well as euros for the entire period of time that the dual display of prices is required (5-6 months prior to the changeover to the euro and 1 year after it is introduced).

Prices and Pricing Policies

- The task assigned to the pricing authorities is the preparation of all necessary changes in the area of pricing regulations and pricing controls, including applicable penalties.
- Cooperation with consumer protection groups is important.

3. Non-Financial Sector and Consumer Protection

The goal of the procedures performed within the non-financial and consumer protection sectors is to prepare the business sector for the changeover to the euro, make the transition to the euro as easy and simple as possible for residents, and, above all, protect consumers against unjustified price increases.

Price Conversion and Dual Display of Prices

- As of the date the changeover to the euro takes place in the Czech Republic, all prices will be converted unilaterally from Czech crowns to euros according to the stipulated conversion rate.
- Approximately six months before (one month after the conversion rate is defined) and one year after the changeover to the euro, businesspersons and service providers will be obligated to specify prices in their monetary value in both crowns and euros.

Dual Circulation

- For a brief period of two weeks, both currencies will be in circulation, whereby the legal currency will be the euro. The Czech crown will gradually be removed from circulation and any cash returned will only be in euros.

Ethics of Changing Over to the Euro

- In order to ensure compliance with the ethical rules of changing over, it will be appropriate to conclude an agreement between consumer groups and professional associations in the sales and service sector. The subject of this fair-pricing agreement should address the voluntary obligation to use only the one, specifically stipulated conversion rate and the established rounding rules.

Price Monitoring, Controls, and Dispute Resolution

- Monitoring must concurrently provide with information in order to regularly evaluate the course of the changeover to the euro and to smooth the course of the transition as applicable.
- Not only standard investigations and evaluations will be used for the monitoring process, but also above-standard methods (one-time or temporary) in areas that other resources do not cover.

Primary Business Aspects of the Euro Introduction

- Based on foreign experiences with the changeover to the euro, the process went smoothly in large and medium-sized companies and institutions if a specific individual was assigned responsibility for the changeover to the euro.
- Small and micro-sized enterprises do not have sufficient capacity to allocate for the purpose of managing the changeover to the euro. In these cases, a supporting role should be provided by information sites for entrepreneurs and financial institutions.
- The business sector should anticipate the necessity of making investments sufficiently ahead of time in order to adapt reporting, computer systems, hardware and software for data processing, and, last but not least, employee training.

4. Legislative Requirements for Introducing the Euro

The primary purpose behind the legislative process is to introduce the euro as the legal tender of the Czech Republic. A mainstay principle that must remain in place is

the maintenance of all rights and obligations in the same form in which they were established prior to the introduction of the euro in the Czech Republic.

General Act

The general act on introducing the euro will be the main Czech legal regulation that establishes the prerequisites for ensuring a smooth changeover to the new currency in the Czech Republic. The contents of the general act, which will become valid as of the date the euro is introduced, will include measures pertaining to the introduction of the euro as the legal tender of the Czech Republic, specifically:

- reference to the conversion rate and the method to be used for converting from the crown to the euro;
- main principles of rounding;
- converting prices and dual display of prices;
- the method to be used for converting monetary resources maintained in bank accounts;
- the method to be used for converting securities and other investment instruments;
- a guarantee ensuring that all legal obligations concluded at an earlier date, as well as administrative and judicial rulings passed at an earlier date, remain unchanged; and
- rules for exchanging circulated currency.

Act on the Czech National Bank

- The act will ensure the transfer of certain decision-making competencies to the Board of Governors of the European Central Bank, specifically in the area of monetary policy.
- Pursuant to the act, the monetary policy that will be practised in the Czech Republic will be EU monetary policy, which is established taking price stability in the Eurozone into consideration.
- The act will also include the necessary provisions for including the CNB in the European system of central banks for the purposes of printing euro banknotes and minting euro coins and ensuring that they are placed in circulation.

Other new legal regulations and amendments

- These include any other legal regulations that, due to a higher degree of legal guarantees and practical impact, cannot be spanned by the general act or directly applicable EU directives, i.e., tax legislation, legal regulations for accounting, social security, and public health insurance, and other legal regulations as designated by individual ministries.

5. Information Sources and Communications

The chapter titled “Information Sources and Communications” in the National Plan for Euro Introduction in the Czech Republic describes the information and communications campaign that will be implemented with the goal of contributing to the smooth and problem-free changeover to the euro in the CR.

Campaign Target Groups

1. Residents – the primary target of the campaign and covering various roles (consumers, employees, pensioners, etc.), with special emphasis focused on: schoolchildren and students; pedagogical employees; vulnerable groups; ethnic minorities and foreigners and expatriates.

2. Private sector – specifically: sole traders and entrepreneurs; small and medium-sized enterprises; non-profit organizations.

3. Public administration – specifically: regions, cities, and municipalities.

Information intermediaries will play a vital role in the information campaign. These include: consumer groups and professional alliances, unions, chambers, and associations; financial institutions; the media; large corporations; central government authorities; regions, cities, and municipalities; other entities (the Czech Postal Service, Czech Railways, bus transport operators, Czech Airlines, hospitals, etc.)

Communication Resources

Communication resources will be used as applicable with regard to the needs of each target group:

- internet information websites pertaining to the changeover to the euro in the Czech Republic;
- communications tools available for providing information on European issues (the Euroskop web portal, Eurokurýr magazine, Eurocentre information centres, and the free Eurofon telephone information line);
- communication tools provided by the European Commission's representative in the Czech Republic (the Europe Direct network), and other available communication tools;
- PR activities performed by individual institutions;
- printed materials – both those published by the European Commission as well as those produced domestically;
- paid media advertisements as a source of undistorted information;
- audiovisual and multimedia materials – videocassettes, CDs, and DVDs, primarily those designated for local government and educational institutions;
- professional conferences, lectures, training sessions, and seminars;
- promotional materials; and
- special events, such as "Euro Day" – events organized for the general public at the time the most intense part of the campaign starts.

A national logo and slogan for introducing the euro will be selected within the framework of the campaign.

6. Information and Statistical Systems

As a result of rapid advances in IT, when considering the purchase or creation of information systems and information technology in general, it is necessary to keep in mind the fact that the euro will become the Czech Republic's national currency within a matter of several years

This change will, above all, impact all financial information systems and those systems used by companies and public administration authorities to manage accounts. Indirectly, the changes will also affect all tools designated for processing and handling financial information, i.e., primarily software. The changeover to the euro will also, however, have an effect on certain types of hardware (i.e., that used in cash registers, price tag printing equipment, price scanners, etc.).

Measures for the Ministries, Central Government Authorities, and Local Government Authorities

At this time, the main task involves mapping out the current status of the information systems used within these institutions with regard to how closely they are interlinked with the changeover to the euro and in relation to applicable legislative changes. At the same time, it is necessary to establish a general methodology that public administration authorities should apply during the changeover to the euro.

In the area of statistics, close cooperation with the Czech Statistical Office is required.

Measures for Implementing the Euro in the Business Sector

Within the business sector, the most important task likewise consists of mapping out the current status of information systems and their interdependencies as related to the changeover to the euro and with regard to any legislative changes that might apply.

Description of the Most Important Tasks

- Identify the information systems that will be impacted by the changeover to the euro.
- Designate the individuals responsible for the changeover to the euro within individual institutions and companies.
- Monitor the mutual interfaces between systems (internal and external).
- Define priorities.

CONCLUSION

The first published version of the National Plan for Euro Introduction in the Czech Republic is more of a technical document. Its goal is to provide Czech entities (government authorities, municipalities, the private business sector, residents, and the non-profit sector) with a set of recommended guidelines, procedures, and instructions, which will enable them to deal better with the preparations and conversion required in relation to the changeover from the Czech crown to the euro as the common European currency.

The National Plan for Euro Introduction also includes the estimated timetable for the steps related to the changeover to the euro. Unfortunately, it is only provided in relative terms and not in absolute form, i.e., with specifically designated dates. We still do not know the official date of entry to the Eurozone. Only estimates made by the responsible institutions are available. For the most part, these include the year 2012.

Italy is most definitely the most varied country of the “old” EU-15, as it has the greatest differences between individual regions from all perspectives, whether economic, social, cultural, or even natural. In fact, Italy might be the most diversified of all the countries that make up the EU today. This is reason alone for the fact that this country, which is one of the founding members of the original European Economic Community, is “under a magnifying glass” in our Country Focus section.

ITALY

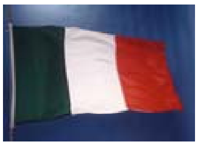
Government type/chief of state	republic / president Giorgio Napolitano
Area (share of EU)	301 230 km2 (7.0%)
Population (share of EU)	58 751 711 (11.9%)
Age structure	0-14 years: 14.1%, 15-64 years: 66.7%, over 65 years: 19.2%
Total GDP (share of EU)	1423.05 EUR bn (12.99%)
GDP per capita in PPS	100.7% of EU-25 average
GDP - composition by sector	agriculture: 2.2%, industry and constr.: 26.6%, services: 71.2%
Average inflation	2.2%
Average unemployment	6.8%
GDP growth	1.9%
General govern. balance	-4.4% of GDP
General government debt	106.8% of GDP
Number of NUTS2	21 NUTS2; Lombardia: 141.5%; Sicilia: 67.3%

Note: the figures are for 2006, source: EU, CIA

Italy has earned a reputation for its highly changeable political situation and, in many cases, the very emotional displays on the part of its individual political representatives. However, in spite of all its changeability, variety, and internal differences, Italy is definitely a country that deserves attention. It is therefore not surprising that, due to its significant – at least from the European perspective – geographic area and not insignificant political influence and economic strength, Italy is one of the six original founders of the modern, post-war, European integration process.

The fact that Italy represents one of the foundations that helped to create the European integration process, specifically the process based on removing the barriers between individual countries – barriers that lack rational logic and prevent countries from developing as such is also not just happenstance. Italy and Italians exemplify one of the most open nationalities, not only in Europe but even at the global level. A large number of Italians live with various intensities in other EU member states and in many other areas of the world even outside of the EU.

If we look at Italy’s economic development more closely over the same period of time as that which we consider for the current semblance of European integration, it must be said that, as varied and full of inconsistencies as Italy is, the Italian economy has undergone structural changes to the same level – in the positive sense of the word. Over a period of less than sixty years, what was primarily an agricultural country as recently as the late 1940s has, as far as size is concerned, transformed itself into the fifth or sixth largest economy in the world. At the same time, Italy’s economic structure has dramatically changed to that of a contemporary, processing industry and, during the past few decades, to include services as well.



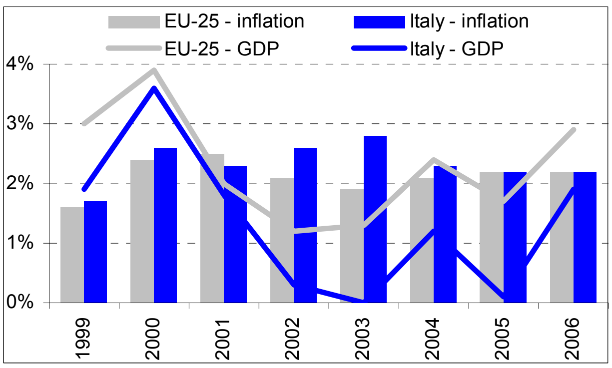
If, on the one hand, Italy is a country that is relatively dependent on various segments of the processing industry (primarily automobile production, steel, foodstuffs, chemicals, and textiles), which are all more or less localised in the northern part of the country, then, on the other, over approximately the past twenty years, the most dynamic development has been in the services industry, especially in the tourism sector.

Overall however, Italy’s economy is currently not experiencing the best of times. Slow economic growth is accompanied by a still high level of public debt, which exceeds 100% of Italy’s GDP. In spite of the fact that unemployment in Italy is not all that high, the employment market does not provide the majority of workers with very attractive acknowledgement.

This not very optimistic mood was most likely caused to a certain degree by some reminiscences back to the lira (one of the least stable currencies in Western Europe), in relation to the introduction of the not-very-welcome euro under Italian conditions.

Even this very brief attempt at capturing some typical Italian characteristics provides evidence of the inconsistencies that exist within this important and beautiful country. In many ways, it also embodies a number of problems to which solutions are being searched for across all of the European Union.

Inflation and GDP



Source: Eurostat

The statistical window in a tabular form shows important macroeconomic indicators from all member states and the EU as a whole. It includes economic performance indicators (per capita GDP as compared to the EU average, GDP growth, unemployment rate), external economic stability indicators (current account to GDP), fiscal stability indicators (public budget to GDP, public debt to GDP), and pricing indicators (annual inflation based on HICP, base price level).

Key macroeconomic indicators

	GDP growth y-on-y			Current account to GDP*			Unemployment rate			Inflation y-on-y average		
in %	2003	2004	2005	2003	2004	2005	I-07	II-07	III-07	I-07	II-07	III-07
Belgium	1.0	3.0	1.1	4.5	3.6	2.5	7.7	7.6	7.5	1.7	1.8	1.8
Bulgaria	4.5	5.7	5.5	-5.5	-5.8	-11.3	8.4	8.2	8.0	6.8	4.6	4.4
CR	3.6	4.2	6.1	-6.5	-6.3	-2.7	6.5	6.4	6.2	1.4	1.7	2.1
Denmark	0.7	1.9	3.0	3.2	2.3	2.9	3.3	3.4	3.4	1.8	1.9	1.9
Germany	-0.2	1.2	0.9	2.0	3.9	4.2	7.6	7.1	7.0	1.8	1.9	2.0
Estonia	7.1	8.1	10.5	-11.5	-12.5	-11.1	4.9	4.9	4.9	5.0	4.6	5.6
Ireland	4.3	4.3	5.5	0.0	-1.0	-3.1	4.0	4.1	3.9	2.9	2.6	2.9
Greece	4.8	4.7	3.7	-10.0	-9.5	-9.2	n/a	n/a	n/a	3.0	3.0	2.8
Spain	3.0	3.2	3.5	-4.0	-5.9	-7.5	8.4	8.3	8.3	2.4	2.5	2.5
France	1.1	2.3	1.2	0.2	-0.6	-2.1	8.9	8.8	8.7	1.4	1.2	1.2
Italy	0.0	1.1	0.0	-0.9	-0.5	-1.1	n/a	n/a	n/a	1.9	2.1	2.1
Cyprus	1.9	3.9	3.8	-0.9	-5.3	-5.7	4.4	4.4	4.3	1.4	1.2	1.4
Latvia	7.2	8.6	10.2	-8.0	-12.9	-12.5	6.0	5.8	5.6	7.1	7.2	8.5
Lithuania	10.3	7.3	7.6	-6.8	-7.9	-6.9	5.8	5.7	5.5	4.0	4.4	4.8
Luxembourg	1.3	3.6	4.0	6.4	10.6	9.7	4.9	4.9	4.9	2.3	1.8	2.4
Hungary	4.1	4.9	4.2	-7.9	-8.4	-6.8	7.9	8.0	8.1	8.4	9.0	9.0
Malta	-2.4	0.0	2.2	-5.0	-7.5	-11.0	6.7	6.7	6.6	1.2	0.8	0.5
Netherlands	0.3	2.0	1.5	6.1	8.6	7.1	3.5	3.5	3.4	1.2	1.4	1.9
Austria	1.1	2.4	2.0	1.7	2.1	2.9	4.5	4.4	4.4	1.7	1.7	1.9
Poland	3.8	5.3	3.2	-2.1	-4.2	-2.2	12.1	11.7	11.4	1.6	1.9	2.4
Portugal	-1.1	1.2	0.4	-6.5	-7.8	-9.5	7.6	7.5	7.5	2.6	2.3	2.4
Romania	5.2	8.4	4.1	-4.8	-12.7	-8.7	7.7	7.7	7.8	4.1	3.9	3.7
Slovenia	2.7	4.4	4.0	-0.8	-2.6	-2.0	4.8	4.7	4.6	2.8	2.3	2.6
Slovakia	4.2	5.4	6.0	-2.1	-2.5	-7.9	11.2	11.0	10.8	2.2	2.0	2.1
Finland	1.8	3.5	2.9	5.9	7.6	4.6	7.2	7.2	7.2	1.3	1.2	1.6
Sweden	1.7	3.7	2.7	6.6	6.6	5.9	6.7	6.7	6.6	1.6	1.7	1.6
UK	2.7	3.3	1.9	-1.3	-1.6	-2.2	5.4	n/a	n/a	2.7	2.8	n/a
EU	1.3	2.4	1.7	0.2	0.3	-0.4	7.4	7.3	7.3	2.1	2.2	2.3

	Public budget to GDP*			Public debt to GDP			GDP per capita to Ø EU			Price level to Ø EU		
in %	2003	2004	2005	2003	2004	2005	2003	2004	2005	2003	2004	2005
Belgium	0.0	0.0	-2.3	98.6	94.3	93.2	117.9	118.7	117.7	105.6	104.8	104.7
Bulgaria	0.3	1.9	3.1	46.1	38.6	29.9	31.0	31.8	32.9	40.5	41.2	42.7
CR	-6.6	-2.9	-3.6	30.1	30.7	30.4	68.3	70.5	73.8	54.0	54.5	57.8
Denmark	1.1	2.7	4.9	44.4	42.6	35.9	120.8	121.5	124.2	140.2	138.6	138.3
Germany	-4.0	-3.7	-3.2	63.9	65.7	67.9	108.1	108.0	109.3	104.8	103.9	103.1
Estonia	2.0	2.3	2.3	5.7	5.2	4.5	50.3	53.0	60.1	61.7	62.3	63.6
Ireland	0.3	1.5	1.1	31.1	29.7	27.4	133.7	135.8	137.5	125.7	124.7	123.0
Greece	-6.1	-7.8	-5.2	107.8	108.5	107.5	80.9	81.8	82.0	85.4	86.7	87.0
Spain	0.0	-0.2	1.1	48.7	46.2	43.1	97.4	97.7	98.6	88.2	90.2	91.9
France	-4.2	-3.7	-2.9	62.4	64.4	66.6	111.6	109.5	108.8	109.3	109.7	109.0
Italy	-3.5	-3.4	-4.1	104.3	103.9	106.6	107.6	105.5	102.6	103.4	104.5	104.8
Cyprus	-6.3	-4.1	-2.3	69.1	70.3	69.2	79.8	82.6	83.3	90.4	89.8	90.2
Latvia	-1.2	-0.9	0.1	14.4	14.5	12.1	40.8	42.8	47.2	54.9	55.1	55.5
Lithuania	-1.3	-1.5	-0.5	21.2	19.4	18.7	45.2	47.8	52.1	51.9	52.7	53.6
Luxembourg	0.3	-1.1	-1.0	6.3	6.6	6.0	232.7	237.5	247.5	102.9	104.3	104.5
Hungary	-7.2	-6.5	-7.8	58.0	59.4	61.7	60.1	60.9	61.4	58.0	61.1	62.4
Malta	-10.0	-5.0	-3.2	70.2	74.9	74.2	73.7	70.2	69.5	71.2	71.8	72.5
Netherlands	-3.1	-1.8	-0.3	52.0	52.6	52.7	124.7	124.4	124.2	107.1	105.2	104.5
Austria	-1.6	-1.2	-1.5	64.6	63.8	63.4	120.3	121.7	122.5	102.6	102.2	102.1
Poland	-4.7	-3.9	-2.5	43.9	41.8	42.0	46.9	48.7	49.8	54.2	52.8	59.7
Portugal	-2.9	-3.2	-6.0	57.0	58.6	64.0	72.7	72.3	71.3	85.7	86.1	86.0
Romania	-1.7	-1.3	-0.4	20.7	18.0	15.2	29.9	32.6	34.1	43.6	44.0	52.8
Slovenia	-2.8	-2.3	-1.4	28.5	28.7	28.0	75.9	79.2	80.6	75.9	74.9	74.5
Slovakia	-3.7	-3.0	-3.1	42.7	41.6	34.5	51.9	52.9	55.0	50.4	54.5	56.1
Finland	2.5	2.3	2.7	44.3	44.3	41.3	112.6	113.7	113.3	125.6	122.9	121.8
Sweden	0.1	1.8	3.0	51.8	50.5	50.4	115.6	117.1	114.5	122.5	121.0	117.3
UK	-3.3	-3.2	-3.3	38.9	40.4	42.4	116.4	117.1	116.5	104.1	104.4	103.7
EU	-3.0	-2.7	-2.3	62.0	62.4	63.3	100.0	100.0	100.0	100.0	100.0	100.0

*Source: Eurostat, *) net balance, GDP per capita according to PPP*